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I. F. Stone's Weekly

VOL. V, NO. 15 APRIL 15, 1957 WASHINGTON, D. C. 15 CENTS

Was Norman Smeared Because He Opposed U.S. Suez Policy?

The Canadian note to the U. S. in the wake of the Norman suicide is as much a service to this country as to our northern neighbor. In demanding, as a condition for continued cooperation on intelligence, that the U. S. government give assurance that such information will not be passed on to Congressional committees, Canada raised a point few Americans have the courage to discuss. This is the notorious undercover liaison which has long existed between the FBI and perhaps other gumshoe agencies on the one hand and Congressional witch hunt committees on the other. It was time this were dragged into the light of day.

Canada has done us another service. The China Lobby, through McCarthy and McCarran and their successors, has succeeded since 1950 in thoroughly intimidating the U.S. foreign service. A few years ago the purge was extended to the United Nations. The Norman case illustrates how easily the same technique could be applied to the diplomatic service of allied countries. We are glad Canada has challenged it.

No Conversation Private?

One wonders, on reading the transcripts released by the Senate Internal Security committee, whether the Canadian Ambassador to Cairo was made the victim of an old and discredited political slander because he (like his government) had the temerity to be critical of U. S. policy in the Suez crisis. Ostensibly the two executive sessions in which Norman's name figured were devoted to raking over the political past of John K. Emmerson, the U. S. deputy chief of mission in the Lebanon. Actually the purpose of the hearings seems to have been to get some pay dirt on Norman since the sessions otherwise merely rehashed stale allegations about Emmerson's service in wartime China and postwar Japan which a State Department loyalty board dismissed in 1952.

Norman was both Canada's Ambassador to Egypt and its Minister to the Lebanon. The committee wanted to know what opinions Norman had expressed when he saw Emmerson in Beirut last October on coming to present his credentials. This aspect of the interrogation has been little noticed. "Did he," Senator Jenner asked, "pass any opinion upon the problems confronting the world in the Middle East at that time?" Emmerson said Norman was "extremely concerned":

Senator Jenner: Did he criticize our country for the attitude we took on the English and French invasions?

Mr. Emmerson: No, because that had not taken place.

Senator Jenner: That was not discussed?

Mr. Emmerson: The British and French invasion had not taken place when I saw him. . . .

Senator Watkins wanted to know whether there was "any indication in your two hour visit with him in Beirut that he was sympathetic with the Communists?" His answer was, "none whatsoever, absolutely none." Was it proper for a U. S. Senate committee to inquire into the views of a foreign diplomat? What connection did this have with "internal security"? Why was this transcript made public when the witness recalled nothing reflecting in any way upon the diplomat?

The answer is that when the committee failed to smear Norman by turning up any evidence from the witness, it achieved the same effect by giving publicity to remarks interjected by its counsel. These remarks unfairly distorted testimony the committee had heard six years ago and put these distortions into the headlines. This, too, has escaped attention in the press.

At the hearing of March 12, Morris told the committee "As far as Mr. Norman is concerned, there was this direct testimony by Professor Wittfogel . . . that Norman was a student of his in a Communist group in Columbia while he was a professor there." At the second hearing on March 21, when Senator Watkins indicated doubt, Morris described Professor Wittfogel's testimony by saying, "we asked him at great length and with great precision whether or not in fact Norman was at that time a member of the Communist party, and he said in great detail, yes; he was." Morris said the Communists used Professor Wittfogel "to teach their young groups. . . . He was the teacher that went to the cell; he was the one who taught the group, day by day, week by week. . . ."

What Wittfogel Really Said

Judging by the Lattimore case in which Professor Wittfogel also starred, this German ex-Communist was not the most reliable of witnesses. But he did *not* say what Morris said he did. The Professor appeared before the Internal Security Committee on August 7, 1951. He testified (p. 312, Pt. 1, IPR hearings) that in the summer of 1938 he went to Provincetown, to stay with a certain graduate student at Columbia. Morris asked the Professor whether this graduate student "in the summer of 1938 ran a summer camp or a summer study session?" Prof. Wittfogel replied "Not that summer" but added that this student "was a very skilful man" and "He had sometimes, it seems, study groups assembled in his house." Professor Wittfogel said this man was a Communist:

Mr. Morris: Was this study group that he ran a Communist study group?

Dr. Wittfogel: Well, it was a discussion group among friends, of people who belonged to his political creed; there was no problem about that.

When Morris asked the Professor, "Can you tell us anything further?", he replied, "I don't remember whether it was a permanent group. I was invited a very few times." When the hearing resumed after lunch (p. 318), Morris said "chronologically, we had gotten as far as Dr. Wittfogel relating his

(*Continued on Page Four*)

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Light on That Libby-Finucane Committee for the Return of German Assets

Now It's I. G. Farben—In 1949 They Sparked McCarthy's Defense of SS Men

Mrs. Roosevelt was well advised when she refused to join the Committee for Return of German and Japanese Property here in Washington. The Committee is fighting attempts to limit return of enemy assets to smaller claimants; it is the sounding board for big German interests like I. G. Farben. The chairman of the Committee is Frederick J. Libby, long the head of the National Council for the Prevention of War, and the secretarial factotum is James Finucane, who also worked with Libby on the National Council.

A decade ago Libby and Finucane through the National Council for the Prevention of War sparked McCarthy's campaign to save the SS men convicted of massacring American prisoners of war and Belgian civilians at Malmedy in the Battle of the Bulge. Those like Judge Learned Hand and Rabbi Abraham Cronbach of Cincinnati whose names are being used by the new Libby-Finucane committee ought to look at the hearings and final report of the Senate subcommittee which in 1949 investigated that campaign to save the Malmedy slayers. It was a subcommittee of Senate Armed Services. Raymond E. Baldwin (R. Conn.) was the chairman. The other two members were Kefauver and Lester C. Hunt of Wyoming whom McCarthy later helped by calumny to drive into suicide.

The Murderers Went Free

The subcommittee held extensive hearings in Washington and Germany (Malmedy Massacre Investigation, S. Res. 42, 81st Cong. 1st Sess. Parts 1 & 2) and made a report to the Senate on October 13, 1949. Senator Baldwin said that though 100 unarmed surrendered American soldiers "were brutally shot down in cold blood by German SS troopers, to this day not one has been executed for this crime." He accused McCarthy, in his campaign on behalf of the SS men, of accepting "the unsupported affidavits of German SS troopers" against the sworn testimony of American soldiers.

The subcommittee said "the most provocative sets of charges" against the Americans assigned to prosecute the SS men were in an article from *The Progressive* under the byline of Judge Edward L. Van Roden. This was extensively used by McCarthy to "document" charges that the accused men had been mistreated. The National Council for the Prevention of War circulated the Van Roden article widely.

But when the subcommittee subpenaed Judge Van Roden "he categorically denied having written the article" and "denied in detail certain of the more brutal parts of it." (Pages 842-3 of the hearings). Judge Van Roden said the article had actually been written by James Finucane.

The article spread the charge that American interrogators of the accused SS men had postured as priests for the purpose of obtaining confessions. The subcommittee said the sole source of this charge was a Nazi named Eble who also alleged that burning matches had been placed under his fingernails. The subcommittee on interrogating him discovered that he had four times been convicted of embezzlement (under Hitler).

"A physical examination was made of Eble," the subcommittee said in its final report, "to determine if there were any scars indicating burns under his fingernails, which he stated had become infected. No evidence was found to support this claim. The doctors who examined him stated that in their opinion the man was a pathological liar. . . . Those citizens of the U.S., who have accepted and published these allegations as truth, without attempting to secure verification of the facts, have done their country a great disservice."

The subcommittee concluded that neither Finucane nor Judge Van Roden had told it the "whole truth." It noted that there were no less than "three German generals, one an outstanding SS general" involved in the Malmedy case and "the desire of their compatriots to have such persons released is undoubted."

McCarthy Added Anti-Semitic Overtones

The subcommittee reported that the National Council for Prevention of War had maintained "a constant correspondence with certain people in Germany" interested in the freeing of the SS men. It said the circulation by the National Council in this country of the charges made against the Americans assigned to prosecute the Malmedy slayers "have been most damaging to our country, and to the cause of peace." (McCarthy's own campaign added anti-Semitic nuances: he implied that the prosecuting staff contained "refugees" biased against Nazis!)

The report said the subcommittee "feels strongly that proper investigations should be made to determine the real motivation in back of the activities of this organization," i.e. the National Council for the Prevention of War and called on the Defense Department "carefully [to] investigate the possibility of the existence of a plan to revive the German nationalistic spirit by discrediting the American military government." No investigation was ever made. Now the defenders of the Malmedy slayers are the champions of I. G. Farben.

By returning these properties, the U. S. would violate its treaty obligations to its allies in order to give Hitler's exhenchmen the profits their subsidiaries made on the American side during the war. We note with revulsion that the Washington law firm of Ginsburg, Leventhal and Brown, and the public relations firm of Julius Klein, both Jewish firms, are registered as lobbyists in this campaign. The maestro on the German side is Herman J. Abs of the Deutsche Bank, a former director of I. G. Farben, and a financial pillar of the Hitler regime.

The Same Vultures Are Back

The Committee for the Return of German and Japanese Property complained that Mrs. Roosevelt refused to join because she objected to returning the property of I. G. Farben. The Committee press release referred to I. G. sweetly as "the now decartelized German chemical company."

This is what an authoritative recent work on postwar Germany (The Colossus Again: Western Germany from Defeat to Rearmament, by Alfred Grosser, 1955, p. 95). has to say of I. G.:

"The same influential men are once again in charge of I. G. Farben. Fritz Gajowski, the great explosives specialist, has regained his old position as manager of Dynamit A. G. at Troisdorf; Professor Hoerlein is on the managerial board of Farbenfabrik-Bayer A. G. at Leverkusen; and Otto Ambros, who as director of I. G. Farben was in charge of chemical products at Auschwitz, the infamous German concentration and extermination camp, is 'adviser' for the development of the former I. G. Farben factories in South Germany."

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The Hitherto Unpublished Figures on Aramco's Tax Credits and Depletion Allowances

The Billion Dollar Tax Gimmicks Oil Enjoys at Home and Abroad

Here for the first time published anywhere are the depletion allowances and tax credits enjoyed by Aramco since 1950 when its 50-50 profit sharing arrangement at the expense of the U.S. Treasury went into effect. The figures are in millions of dollars:

	Tax Credits:	Depletion	Total
1950	47.6	58.5	106.1
1951	98.6	84.4	183.0
1952	103.3	91.9	195.2
1953	111.2	98.8	210.0
1954	139.3	119.3	258.6
1955	176.5	148.2	324.7
1956	280.0	152.0	432.0
Total	956.5	753.1	1,709.6

These figures are staggering. What they illustrate is a basic axiom of U.S. business today. The real way to make money lies in knowing how to manipulate the tax laws. A small business in this country making $5,000 a year pays a 30 percent income tax but one of the world's most profitable petroleum concessions has for the past seven years paid no income taxes whatsoever on its earnings in Saudi Arabia.

Let us glance at those figures again. That total of almost one billion dollars in tax credits since 1950 offset dollar for dollar the higher royalties paid Ibn Saud in the guise of taxes. An oil company operating at home and paying these same sums in royalties could deduct them as an expense of the business. But it would have to pay a corporate income tax on the remainder. In Aramco's bracket, the tax would be almost a half billion dollars. That is roughly the amount lost to the U.S. Treasury by the foreign tax credit.

Oil's Midas Tax Touch

Now glance up at that depletion figure. This is the well known tax gimmick which gives the oil industry its Midas touch. Since 1926 the tax laws have allowed oil companies to take 27½ percent of gross income as a depletion allowance before taxes "without regard to the amount of the investment or the amount of prior depletion deductions." (See the able explanatory memorandum by Paul E. Hadlick put into the Congressional Record March 27, pages 3969-71 by Senator Williams of Delaware.) Obviously this allows the oil companies to write off the full amount of their actual investment many times at the expense of the U.S. Treasury.

The amounts deducted from income as depletion allowances would otherwise be subject to tax. In Aramco's bracket, this would be a 52 percent tax. In other words, roughly half that three quarters of a billion dollars in depletion allowances since 1950 would have been paid to the Treasury. Something in the neighborhood of $800,000,000 in taxes have been lost since 1950 through Aramco's foreign tax credit and depletion.

Footnote on "People's Capitalism"

"A recent survey on this subject [distribution of stock ownership] shows that, first, only 7 percent of American families own publicly held stocks; and, second, that 8 percent of this stockowning group owned over four-fifths of the stock. It would appear therefore that less than one percent of all American families own over four-fifths of all publicly held stock. . . ."

—Fulbright, U.S. Senate, Mar. 27, p. 3955CR.

Not That Backward

We turned over to the O'Mahoney monopoly subcommittee photostats of those Saudi Arabian tax decrees we turned up last week and call special attention to the fact that in them "backward" Arabia does not permit depletion allowances. Similarly another "backward" oil producing country Venezuela, in a tax bulletin supplied us here by the Embassy, says "Percentage depletion . . . which is the usual practice in the United States, is not permissible in Venezuela."

Some conception of what these figures, and Aramco's profits mean, may be gathered from an estimate given Senator Dirksen of Illinois by F. A. Davies, chairman of the board of Aramco, at the March 20 hearing before the O'Mahoney monopoly subcommittee. Mr. Davies was talking of the dangers of nationalization and what the company would lose. He told the Senator, in reply to a question, that the company's net depreciated assets in Saudi Arabia was figured by Aramco at $471,000,000 but that in the event of seizure little more than half of this would fall into Ibn Saud's hands since some $225,000,000 of this amount was in cash and accounts receivable outside Arabia.

These figures give some conception of just how much Aramco actually has invested in Arabia. Compare this with the $280,000,000 it earned tax free last year and the one and three quarter billion dollars in tax credits and depletion allowances it has enjoyed since 1950.

Aramco's Own Tax Loss Figures

Aramco itself estimates, in figures never before made public, that without depletion allowances—even after paying Ibn Saud's share—it would have paid $61,000,000 in taxes to the U.S. in 1955 and $63,000,000 in 1956.

It is fantastic that special tax privileges should be afforded oil companies abroad where profit margins are so much wider than at home. There is no sound reason of public policy for giving them special tax credits to "encourage" them to invest in areas where oil can be obtained so much more cheaply than in the U.S. The tax law ought to be revised to plug up this loophole.

It is equally fantastic that the oil industry should enjoy a depletion allowance which bears no rational relation to real depletion—unless it be the depletion of the U.S. Treasury. Senator Williams of Delaware has been waging a lone fight against this for years without success—for oil bearing Texas is enthroned in both the House and Senate through Speaker Rayburn and Majority Leader Lyndon Johnson.

On March 27 a series of attempts to give some tax relief to small business, and to cut the depletion allowances were beaten down without even a rollcall vote. Senator Fulbright led the fight for relief to small business; Senator Williams tried to cut depletion allowances from 27½ percent to 20 percent; Senator Douglas tried to apply the graduated principle by cutting depletion allowances to 15 percent on oil companies with incomes beyond $5,000,000; Senator Carroll suggested changing foreign tax credit provisions. All spoke in vain. We recommend that day's debate in the Congressional Record as a liberal education in tax realities.

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Here Nobody Cares So Long As They Don't Jump Out Windows

(*Continued from Page One*)

experiences at a certain Communist study group in the summer of 1938." (Prof. Wittfogel had said "*not* that summer.") The interrogation then brought in Norman's name:

Mr. Morris: Who were some of the other students at this study group?

Dr. Wittfogel: There was a talented and pleasant young man who was studying in the Japanese department at Columbia. His name is Herbert Norman.

Mr. Morris: Was he a member of this study group?

Dr. Wittfogel: Yes.

Mr. Morris: To your knowledge, did he know it was a Communist study group?

Dr. Wittfogel: Yes, it was obvious.

Mr. Morris: To you?

Dr. Wittfogel: I think it was obvious, in general.

Mr. Morris: Was it obvious, therefore, that he was a Communist.

Dr. Wittfogel: Yes.

Inferences from Inferences

This testimony in 1951, inferring that a certain study group must have been Communist, and inferring from that that Norman, too, must have been a Communist [in the Canadian investigation, which cleared Norman, he proved that he was never on Cape Cod], is quite different from Morris's description of it last month as a precise and detailed identification of Norman as a Communist by a man who had taught him "day by day, week by week" in a Communist study group. Prof. Wittfogel did not even say he taught this group and he did say "I was invited very few times." A hostile witness who testified as misleadingly as Morris would get into trouble.

Yet the news was made by the distortions. Even the *New York Times* the day after the suicide said Dr. Wittfogel testified that Norman "was a member of a Communist study group taught by Dr. Wittfogel in Provincetown on Cape Cod, Mass., in the summer of 1938." Norman sick from overwork may well have despaired that the truth would ever catch up, and feared that the net result of all this bad publicity would make his position as Ambassador to Cairo untenable and ruin his career in the Canadian Foreign Service. Who put Morris up to this? Is there a Senator who dares inquire?

More important than the mystery in this affair is its plain purport, and this is the numbing of the American conscience, the extent to which we have come to accept government by calumny. Only one Senator, Neuberger, has called for an investigation; no one else in the Senate has uttered a word against the Internal Security Committee. A few newspapers have protested, notably and eloquently the *Washington Post*, but most have done no more than deplore the use of "hearsay" against the diplomatic representative of a foreign country. In Canada, all three major parties protest and Eisenhower's wartime Canadian aide has sent back his citation. But here there is bipartisan silence. The President himself carefully avoided any word in criticism of the Committee, or in regret that a man died. He only deplored the strain on relations with Canada. Moral cowardice has become a national characteristic.

Every "Name" May Destroy A Life

"Names" and more "names" are the passion of the Internal Security and House Un-American committees, and every "name," like Norman's, may be one more life ruined. Not to give names one must either invoke the Fifth and live in the shadow of a vague dishonor, or invoke the First and go to jail. In either case the land of the free and the home of the brave takes it all for granted. The mills grind on. In New York, the House Committee turns to the world of music. Here in Washington, Alden Whitman, the last of four newspapermen to plead the First before Senate Internal Security is found guilty as quickly and easily as if by judicial slot machine. Dr. Otto Nathan, Einstein's closest friend and executor, is ordered to stand trial next.* Funny people, our neighbors, those Canadians. They still care. Here, so long as a man is not a foreign diplomat or does not jump out windows, the public hardly notices.

* One count of his indictment, alleging that Dr. Nathan had refused to answer the question whether he was "identified" with the National Council of the Arts, Sciences and Professions, was thrown out. The verb was too vague even for our Federal District Judges.

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NEWSPAPER

Entered as Second Class Mail Matter Washington, D. C. Post Office

I. F. Stone's Weekly. Entered as Second Class Matter at Washington, D. C., under the Act of March 3, 1879. Post-dated Mondays but published every Thursday except the last two Thursdays of August and December at 301 E. Capitol St., Washington 3, D. C.
An independent weekly published and edited by I. F. Stone; Circulation Manager Esther M. Stone. Subscription: $5 in the U. S.; $6 in Canada; $10 elsewhere. Air Mail rates: $15 to Europe; $20 to Israel, Asia and Africa.

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